

Message Text

UNCLASSIFIED

PAGE 01 STOCKH 00833 01 OF 02 020804Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-10 LAB-04
NSAE-00 SIL-01 /036 W
-----085951 020809Z /11

R 011548Z MAR 78
FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC 3158
INFO AMEMBASSY COPENHAGEN
AMEMBASSY HELSINKI
AMEMBASSY OSLO
AMEMBASSY PARIS

UNCLAS SECTION 1 OF 2 STOCKHOLM 0833

USOECDD

E.O. 11652: N/A
TAGS: ECON, EINV, ELAB, SW
SUBJECT: SWEDISH TRADE UNION CONFEDERATION AND SOCIAL DEMOCRATIC
PARTY PRESENT JOINT VERSION OF WAGE EARNER FUND PLAN

REF: A) 76 STOCKHOLM A-127 AND PREVIOUS, B) 76 STOCKHOLM A-96,
C) MEMCON DATED JANUARY 4, 1977

1. THE QUESTION OF WAGE EARNER FUNDS IN SWEDEN (SEE REFS),
WHICH HAS SIMMERED QUIETLY FOR THE PAST 18 MONTHS, HAS AGAIN
BEEN MADE THE FOCUS OF CONSIDERABLE ATTENTION BY THE PRE-
SENTATION OF A JOINT PLAN BY THE CONFEDERATION OF TRADE UNIONS
(LO) AND THE SOCIAL DEMOCRATIC PARTY (SDP).

2. THE ORIGINAL LO PROPOSALS FOR A SYSTEM OF WAGE EARNER
FUNDS (THE MEIDNER PLAN) BECAME ONE OF THE MAJOR ISSUES OF
THE 1976 ELECTIONS, THOUGH NOT AN SDP PLATFORM/PLANK, AND IT HAS
BEEN ASSERTED THAT THEY CONTRIBUTED TO THE FALL OF THE
SOCIAL DEMOCRATIC GOVERNMENT. STILL WANTING TO INTRODUCE
SOME FORM OF PROFIT SHARING SYSTEM INCLUDING COLLECTIVE OWNERSHIP
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STOCKH 00833 01 OF 02 020804Z

IN RESPONSE TO LABOR DEMANDS YET AVOIDING A REPEAT OF THE ELEC-
TORATE REACTION IN 1978, THE LO AND SDP HAVE PUT THEIR
HEADS TOGETHER AND DRESSED UP THE ORIGINAL MEIDNER
PLAN IN NEW CLOTHING. THE DRAFTING GROUP COMPRISED
FORMER SDP CABINET MINISTERS CARL LIDBOM AND KJELL-
OLOF FELDT, LO GENERAL SECRETARY RUNE MOLIN, LO ECONOMIST
RUDOLF MEIDNER, AND METALWORKER ECONOMIST PER-OLOF EDIN.

3. IT SHOULD BE EMPHASIZED THAT THIS LO-SDP PLAN, WHICH IS OUTLINED BELOW, SHOULD NOT BE TAKEN IN ISOLATION BUT BE SEEN AS PART OF A NATIONWIDE DISCUSSION OF HOW PROFIT SHARING IS TO BE INTRODUCED INTO SWEDEN.

4. THE STATED OBJECTIVES OF THE PROPOSALS ARE: A) TO SUPPORT AN EGALITARIAN WAGE POLICY, B) TO FIGHT THE CONCENTRATION OF PRIVATE WEALTH AND POWER RESULTING FROM THE SELF-FINANCING OF FIRMS, C) TO INCREASE EMPLOYEE INVOLVEMENT IN FIRMS THROUGH PART-OWNERSHIP, AND D) TO CONTRIBUTE TO THE COLLECTIVE SAVING AND CAPITAL FORMATION WANTED FOR NECESSARY INVESTMENT IN PRODUCTION.

5. THE LO-SDP GROUP SUGGESTS THAT THESE OBJECTIVES CAN BE ACHIEVED BY ESTABLISHING A SYSTEM OF TWO NATIONWIDE INVESTMENT FUNDS AND 24 REGIONAL INVESTMENT FUNDS FOR CHANNELING LOANS TO INDUSTRY, PARTICULARLY EXPORTING FIRMS, FOR INVESTMENT, R AND D ACTIVITIES, AND MARKETING. IT IS ENVISAGED THAT THE MONEY TO SET UP THESE FUNDS COULD BE PROVIDED BY THE EMPLOYEES THEMSELVES, WHO WOULD RELINQUISH EACH YEAR A CERTAIN PERCENTAGE OF THE "WAGE SCOPE" (REASONABLE EXPECTATIONS FOR NEGOTIATED WAGE INCREASES) BEGINNING AT 0.75 PERCENTAGE POINTS AND RISING TO A MAXIMUM OF THREE PERCENTAGE POINTS. THIS WOULD PROVIDE SOMETHING APPROACHING ONE AND A

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STOCKH 00833 01 OF 02 020804Z

HALF BILLION DOLLARS A YEAR WHEN IN FULL SWING, WHICH IS ROUGHLY 40 PERCENT OF INDUSTRIAL INVESTMENTS IN 1976. ONE OF THE TWO LARGE FUNDS WOULD BE CONTROLLED BY LABOR AND THE OTHER BY A PARLIAMENTARY GROUP; THE REGIONAL FUNDS BY THE 24 COUNTY ADMINISTRATIONS WITH LABOR AND MANAGEMENT REPRESENTATION.

6. AS TO PURE PROFIT SHARING THE LO-SDP GROUP PROPOSES THAT ALL CORPORATIONS LISTED ON THE STOCKHOLM EXCHANGE PLUS ALL OTHER CORPORATIONS WITH MORE THAN 500 EMPLOYEES BE REQUIRED TO SET ASIDE 20 PERCENT OF BEFORE-TAX PROFITS AND ISSUE SPECIAL SHARES IN THE INDIVIDUAL CORPORATIONS WHICH ARE THEN TO BE HELD IN TRUST BY A GOVERNMENT AGENCY. THESE SPECIAL SHARES CANNOT BE PURCHASED OR SOLD. THE VOTING STRENGTH OF THESE SPECIAL SHARES IN AN INDIVIDUAL CORPORATION WILL BE DIVIDED EACH YEAR BY THE GOVERNMENT AGENCY EQUALLY BETWEEN THE LOCAL UNIONS WITHIN THE INDIVIDUAL CORPORATION AND A 300-MAN REPRESENTATIVE BODY OF LABOR IN THE COUNTY WHERE THE CORPORATION IS LOCATED. OVER A PERIOD OF YEARS (LO-SDP SAY 30-40, CRITICS SAY MUCH LESS), THE VOTING STRENGTH OF THE SPECIAL SHARES IN AN

INDIVIDUAL CORPORATION WILL HAVE GROWN TO A SIZE OUT-WEIGHING THE STRENGTHS OF ALL OTHER SHAREHOLDERS. THERE IS A CUTOFF CLAUSE IN THE PROPOSALS BY WHICH THE LOCAL UNIONS CANNOT GET MORE THAN 20 PERCENT OF VOTING STRENGTH: OVERFLOW IS TO GO TO THE COUNTY REPRESENTATION. THE MONEY ITSELF WILL REMAIN IN THE FIRMS AS WORKING CAPITAL.

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 STOCKH 00833 02 OF 02 020806Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-10 LAB-04
NSAE-00 SIL-01 /036 W
-----085960 020809Z /11

R 011548Z MAR 78
FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC 3159
INFO AMEMBASSY COPENHAGEN
AMEMBASSY HELSINKI
AMEMBASSY OSLO
AMEMBASSY PARIS

UNCLAS SECTION 2 OF 2 STOCKHOLM 0833

USOECD

7. ALL OTHER FIRMS, INCLUDING GOVERNMENT-OWNED COMPANIES AND COOPERATIVES, WILL HAVE THE OPTION OF JOINING THE PROFIT SHARING SYSTEM (PROVIDED LOCAL EMPLOYEE ORGANIZATIONS APPROVE). FIRMS WHICH DECIDE NOT TO JOIN WILL BE REQUIRED TO PAY A CERTAIN PERCENTAGE OF THEIR WAGE BILLS INTO A SPECIAL CO-DETERMINATION FUND. IN THIS WAY, THE LO-SDP GROUP HOPE TO STRENGTHEN THE POSITION OF EMPLOYEES IN FIRMS OUTSIDE THE PROFIT SHARING SYSTEM. THE WAGE BILL FEE WOULD RISE TO ONE PERCENT OVER A PERIOD OF SOME YEARS.

8. THE LO-SDP GROUP STATES THAT THE FUND AND PROFIT SHARING SYSTEMS ARE NOT INTENDED AS A MEANS TO TAKE OVER THE ASSETS OF PRESENT SHAREHOLDERS OR TO LIMIT DIVIDENDS, WHICH WOULD MAKE IT LESS ATTRACTIVE FOR INDIVIDUALS TO INVEST IN SHARES IN THE FUTURE. IT MAKES PROPOSALS WHICH IT SAYS WILL OBVIATE SUCH EFFECTS.

9. A LONG PERIOD OF DEBATE WITHIN SWEDISH SOCIETY LIES
AHEAD ON THIS PROPOSAL. THE PLAN, OR A REVISED VERSION,
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STOCKH 00833 02 OF 02 020806Z

MAY BE FEATURED IN THE 1979 ELECTIONS. THE EMBASSY IS
PREPARING AN AIRGRAM CONTAINING REACTIONS TO THE PRO-
POSALS, A REVIEW OF EARLIER WAGE EARNER FUND SYSTEMS,
AND COMMENTS ON THE POLITICAL AND ECONOMIC IMPLICATIONS
OF THE NEW PLAN.
KENNEDY-MINOTT

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE, WAGES, PARTY LINE, LABOR POLICY LINE
Control Number: n/a
Copy: SINGLE
Draft Date: 01 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STOCKH00833
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780095-0446
Format: TEL
From: STOCKHOLM
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t197803117/aaaadvyx.tel
Line Count: 184
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c9f53dba-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 76 STOCKHOLM A-127, 76 STOCKHOLM A-96
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 10 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3148908
Secure: OPEN
Status: NATIVE
Subject: SWEDISH TRADE UNION CONFEDERATION AND SOCIAL DEMOCRATIC PARTY PRESENT JOINT VERSION OF WAGE EARNER FUND PLAN
TAGS: ECON, EINV, ELAB, SW
To: STATE USOECD
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/c9f53dba-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014